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NAHANNI MINES LIMITED

ANNUAL
REPORT
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Annual Meeting of Shareholders of Nahanni Mines Limited
Wednesday, June 28, 1967 at 2.30 P.M. (Toronto Time)
Windsor Room — King Edward Sheraton Hotel
37 King Street East, Toronto 1, Canada

Fifth Annual Report 1966

NAHANNI MINES LIMITED

EXECUTIVE OFFICE:
SUITE 915, 25 ADELAIDE STREET EAST, TORONTO 1, CANADA

WESTERN OFFICE:
SUITE 302, 550 BURRARD STREET, VANCOUVER 1, CANADA

OFFICERS

J. A. HARQUAIL - - - - - President
J. C. BYRNE - - - - - Vice-President
S. WISEBROT - - - - - Secretary-Treasurer

DIRECTORS

J. C. BYRNE - - - - - Toronto
J. M. EASSON - - - - - Toronto
DR. E. L. EVANS - - - - - Toronto
J. A. HARQUAIL - - - - - Toronto
J. F. SHIRRIFF - - - - - Toronto

CONSULTANTS

Engineering — Surveymin Limited - - - - Toronto
Geological — G. W. McConnell, M.A.Sc. - Yellowknife
Geophysical — H. O. Seigel, Ph.D. - - - - Toronto

AUDITORS

Price Waterhouse & Co. - - - - - Toronto

BANKERS

Royal Bank of Canada - - - - - Toronto

SOLICITORS

Tilley, Carson, Findlay & Wedd - - - - - Toronto

REGISTRAR AND TRANSFER AGENTS

Guaranty Trust Company of Canada
88 University Ave., Toronto
624 Howe St., Vancouver

NAHANNI MINES LIMITED



J. A. HARQUAIL, PRESIDENT

REPORT OF THE DIRECTORS

To the shareholders:

It is a pleasure to review your Company's progress in this fifth annual report which also includes financial statements for the year ended December 31, 1966.

Mark Joint Venture

Your Company has entered into a joint venture agreement with Guggenheim Exploration Company Inc., Cerro Corporation and Homestake Mining Company on two of its copper properties located in the East Arm of Great Slave Lake, Northwest Territories. Under the terms of this agreement Guggenheim et al have agreed to explore the Mark and Gem groups and spend not less than \$45,000 during 1967. This program will include 3,500 feet of surface diamond drilling on the two groups.

Nahanni will receive a 20% carried interest in any company formed to mine ore

found on these groups and will have the option to advance 20% of production expenditures in order to increase its total interest to 40%. Nahanni need not advance exploration funds until the sum of \$315,000 has been spent by the Guggenheim group on the joint venture.

Exploration

BUD, GEM AND MARK GROUPS: An interim report was sent to all shareholders earlier this year. We will now review the highlights of the 1966 exploration program.

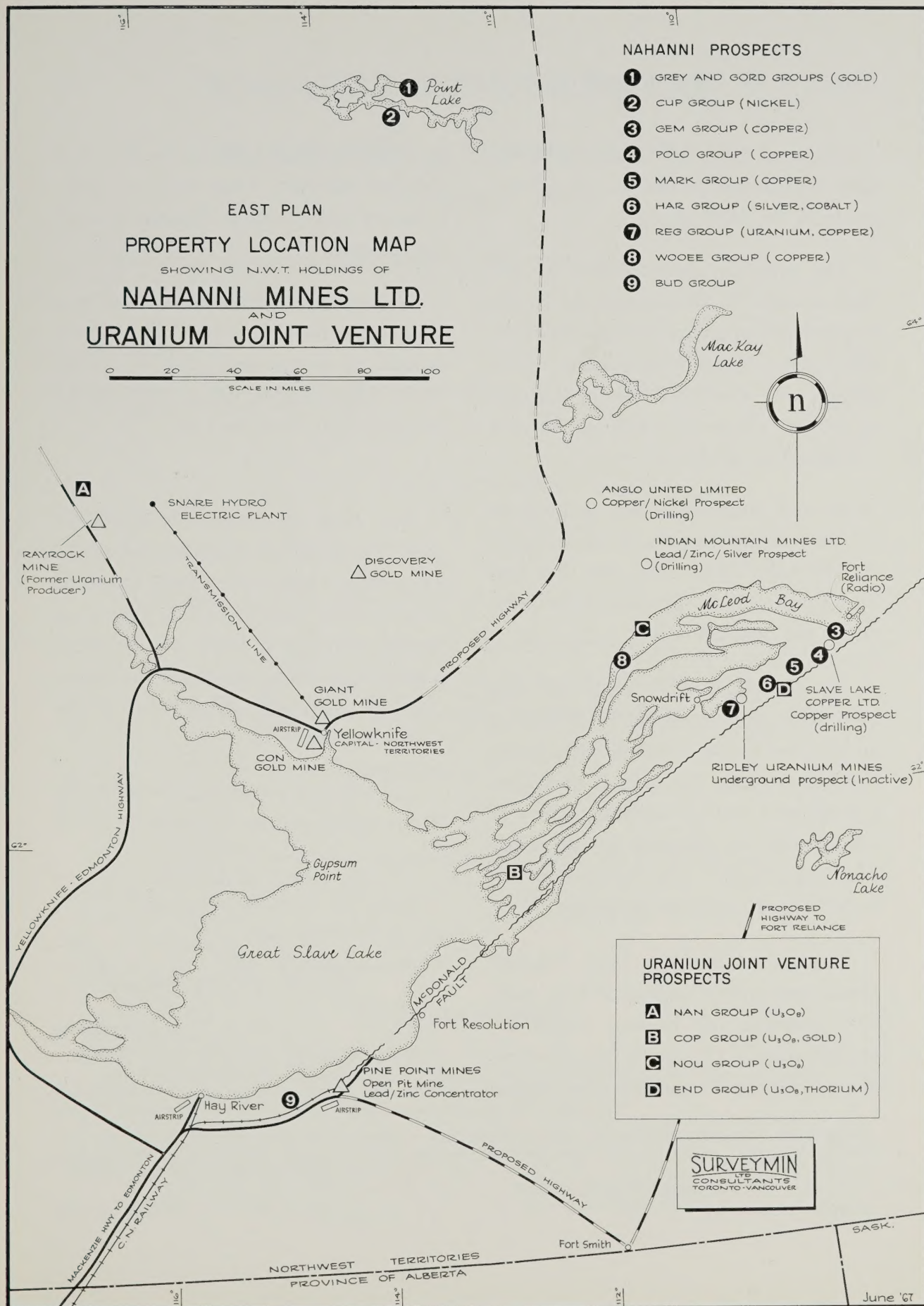
Induced polarization surveys were completed by Seigel Associates Limited during 1966 on the Bud group at Pine Point and the Mark group near Fort Reliance. Following a study of the results, Dr. H. O. Seigel, our geophysical consultant, advised that no further work be done on the Bud group, but recom-

EAST PLAN
PROPERTY LOCATION MAP
SHOWING N.W.T. HOLDINGS OF
NAHANNI MINES LTD.
AND
URANIUM JOINT VENTURE

0 20 40 60 80 100
SCALE IN MILES

NAHANNI PROSPECTS

- ① GREY AND GORD GROUPS (GOLD)
- ② CUP GROUP (NICKEL)
- ③ GEM GROUP (COPPER)
- ④ POLO GROUP (COPPER)
- ⑤ MARK GROUP (COPPER)
- ⑥ HAR GROUP (SILVER, COBALT)
- ⑦ REG GROUP (URANIUM, COPPER)
- ⑧ WOOREE GROUP (COPPER)
- ⑨ BUD GROUP



URANIUM JOINT VENTURE PROSPECTS

- A** NAN GROUP (U_3O_8)
- B** COP GROUP (U_3O_8 , GOLD)
- C** NOU GROUP (U_3O_8)
- D** END GROUP (U_3O_8 , THORIUM)

SURVEYMIN
CONSULTANTS
TORONTO-VANCOUVER

June '67

Report of the Directors continued

mended that 2,400 feet of drilling in six holes be planned to test two anomalous areas on the Mark group.

The program recommended for the Mark claims will be implemented by the Guggenheim group under the terms of the Mark Joint Venture Agreement. This drilling will be done following the drill test of the Gem group, which is scheduled to begin later this month.

Surface drilling has been in progress for the past two months on the property of Slave Lake Copper Ltd. Our Gem and Polo groups adjoin the Slave Lake property to the east and west.

HAR SILVER GROUP: Plans are now being made to resample the Disc Showing on the Har group. Previous chip sampling here returned 14 ounces of silver over a width of 6 feet. Interesting values in cobalt were also obtained in the initial sampling program. The Har group is not included in the optioned properties.

URANIUM JOINT VENTURE: Nahanni Mines owns a 50% interest in four uranium prospects (91 claims) which are located within a 175 mile radius of Yellowknife, Northwest Territories. The balance

of interest in these claims is held by Fort Reliance Minerals. Plans are being made to survey these holdings during the coming summer.

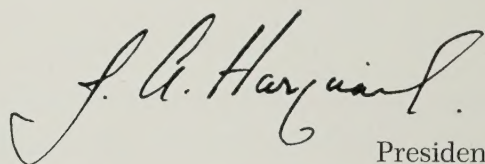
Nahanni and Fort Reliance will continue exploring for radioactive mineral deposits in northwestern Canada during 1967. This program will be financed on an equal basis as in the past.

* * *

Two maps are included with this report. The East Plan shows Nahanni property holdings and those of the Uranium Joint Venture. The West Plan may be of interest to you as it shows the degree of mineral exploration activity in the region from the McKenzie River west to the Yukon boundary.

We will continue to keep you informed of any significant developments.

On behalf of the board,



President

Toronto, Canada

June 12, 1967

NAHANNI MINES LIMITED

BALANCE SHEET — DECEMBER 31, 1966

ASSETS

CURRENT ASSETS:

Cash	\$ 17,966
Short-term note receivable, maturing January 4, 1967, at face value	50,000
Accounts receivable	170
Due from associated company	172
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Investments (Note 5)	\$ 68,308
Interest in exploration syndicate	20,358
Mining claims held under prospectors' licences (Note 4)	3,106
Deferred expenses, per statement attached	2,100
	109,638
	<hr/>
	<u>\$ 203,510</u>

LIABILITIES

Accounts payable	\$ 1,295
Shareholders' equity:	
Capital stock —	
Authorized — 5,000,000 shares without par value (Note 2)	
Issued and fully paid —	
140,500 shares for the assets of Nahanni Sixty Syndicate (acquired in 1962)	\$ 35,125
310,222 shares for cash, including 310,217 shares issued during the year for cash at 30¢ per share	93,070
816,300 shares for the net assets of Point Prospecting Syndicate (Note 1)	74,020
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<u>1,267,022</u> (734,670 escrowed shares)	202,215
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	<u>\$ 203,510</u>

(The notes to the financial statements are an integral part of this statement)

Approved on behalf of the Board:

J. A. HARQUAIL, Director.

J. C. BYRNE, Director.

AUDITORS' REPORT

To the Shareholders of
Nahanni Mines Limited:

We have examined the balance sheet of Nahanni Mines Limited as at December 31, 1966. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying balance sheet presents fairly the financial position of the company as at December 31, 1966, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

PRICE WATERHOUSE & CO.,

February 8, 1967.

Chartered Accountants.

NAHANNI MINES LIMITED

STATEMENT OF DEFERRED EXPENSES

For the Year Ended December 31, 1966

	Cumulative to December 31, 1965	Expended in 1966	Deferred Expenditures of Point Prospecting Syndicate at February 28, 1966 (Note 6)	Cumulative to December 31, 1966
Prospecting and exploration expenses:				
Aircraft charter	\$ —	1,063	—	1,063
Line cutting	—	2,593	—	2,593
Geophysical surveys	—	23,368	—	23,368
Share of hydro power project survey costs incurred in association with Calgary Power Limited	1,475	—	—	1,475
Salaries and wages	—	4,400	13,811	18,211
Unemployment and compensation insurance	—	588	803	1,391
Consulting fees	—	6,601	2,944	9,545
Travel	131	1,421	2,580	4,132
Licences and fees	—	358	1,261	1,619
Sampling, assaying, maps, etc.	—	691	2,298	2,989
Equipment	—	—	289	289
Freight and haulage	—	4,001	5,174	9,175
Materials and supplies	—	2,892	6,588	9,480
Insurance	—	—	186	186
Sub-contracting development	—	—	115	115
Telephone, telegraph and sundry expenses	—	240	425	665
	<u>1,606</u>	<u>48,216</u>	<u>36,474</u>	<u>86,296</u>
Administrative expenses:				
Management and consulting fees	7,780	—	3,379	11,159
Legal and audit fees	650	3,675	252	4,577
Accounting and secretarial services	—	5,000	1,000	6,000
Organization expense	908	—	—	908
Stock exchange listing fee	—	1,000	—	1,000
Supplementary letters patent fees	—	1,535	—	1,535
Public relations expense	—	301	—	301
General expense	186	1,009	5	1,200
	<u>9,524</u>	<u>12,520</u>	<u>4,636</u>	<u>26,680</u>
Deduct — Interest earned	—	2,487	851	3,338
	<u>9,524</u>	<u>10,033</u>	<u>3,785</u>	<u>23,342</u>
	<u>\$ 11,130</u>	<u>58,249</u>	<u>40,259</u>	<u>109,638</u>

(The notes to the financial statements are an integral part of this statement)

NAHANNI MINES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

December 31, 1966

1. Under the terms of an agreement dated February 28, 1966 the company acquired the assets and assumed the liabilities of Point Prospecting Syndicate in consideration of the issue of 816,300 fully paid and non-assessable shares in the capital of the company; the company waived its right to receive any benefits from the 10 units in the Syndicate which it held. The net assets acquired were as follows:

Accounts receivable:

For mining claims sold	\$ 10,000
Nahanni Mines Limited	2,358
Accrued interest	167
Investment in short-term securities	19,711
Mining claims	2,100
Deferred expenses	40,259
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	74,595
Less — Accounts payable and accrued liabilities	575
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	<u>\$ 74,020</u>

2. On January 26, 1966 the company obtained supplementary letters patent increasing the authorized share capital by creating an additional 4,500,000 shares without par value ranking on a parity with the existing shares of the company.
3. On February 10, 1966, 150,000 shares of the company were reserved for the granting of options to any of its officers or other employees at a price of 45¢ per share. Options have been granted to officers, one of whom is a director, on 110,000 of these shares at a price of 45¢ per share. These options may be exercised by the applicable officers any time up to February 11, 1968.
4. The company holds 100% interest in 195 mining claims and is the beneficial owner of a 50% interest in 4 groups totalling 91 claims, all of which are located in the Point Lake and Great Slave Lake areas of the MacKenzie district of the Northwest Territories, Canada, including 181 claims acquired during the year from Point Prospecting Syndicate. The 4 groups of 91 claims are being explored with costs being shared equally with an associated company which owns the remaining 50% interest in the claims. Except for 14 of the claims acquired from Point Prospecting Syndicate with a value of \$2,100 thereon referred to in Note 1 above, the claims are carried in the books of the company with no assigned value.

5. The company held the following investments as at December 31, 1966:

8,000 shares of Cumont Mines Limited, acquired for cash	\$ 3,016
81,288 shares of Redstone Mines Limited, acquired partly for cash and and partly for shares	17,342
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	<u>\$ 20,358</u>

As the shares of these companies are not listed on stock exchanges, there is no reliable guide to market value.

6. In the two months ended February 28, 1966, Point Prospecting Syndicate deferred prospecting and exploration expenses of \$26 and administrative expenses of \$833. In the same period deferred expenses in the amount of \$1,015 were written off in respect of claims sold.

